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# ***Daily Report***

## **China**

FBIS-CHI-87-247  
Thursday  
24 December 1987

# Daily Report

## China

FBIS-CHI-87-247

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24 December 1987

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## General

### RENMIN RIBAO Reviews World 'Hot Spots'

HK220627 Beijing RENMIN RIBAO in Chinese  
16 Dec 87 p 6

["Year-ender" by Jiang Yuanchun (5592 0337 2797):  
"The Problems Have Neither Been Solved nor Become  
Acute—A Review of the Situation in Cambodia, Afghan-  
istan, Palestine, Chad, and Central America"—words in  
boldface as published]

[Text] Given a situation of confrontation and dialogue  
between the two superpowers—the United States and  
the Soviet Union—and a trend toward detente, except in  
Gulf region, various hot spots in the world in 1987 were  
in a state of impasse. There was neither solution nor  
intensification of conflicts.

**Cambodia**—The situation in the battlefield was still at a  
stalemate. The Vietnamese regime has been exhausted  
by war. Even in the dry season, it could not summon  
enough strength to launch a presentable offensive. Patri-  
otic armed forces were continuously using guerrilla tac-  
tics. They did not stop pounding the enemy with small  
armed groups in the area of Phnom Penh, at the Tonla  
Sap Lake, and on the Cambodian-Thai border. Espe-  
cially in the rainy season, patriotic armed forces were  
very active inland, liberating up to one thousand villages  
and disintegrating several thousand bogus regimes.  
Patriotic armed forces are now actively preparing for the  
arrival of the impending dry season.

The features of the 1987 situation in Cambodia were:  
The Vietnamese regime, beset with problems at home  
and abroad, kept trotting out the so-called plan for a  
political solution in an attempt to disintegrate the Cam-  
bodian patriotic armed forces and extricate themselves  
from the plight, given the fait accompli of non-with-  
drawal of troops and non-abandonment of the invasion  
of Cambodia. In January, Vietnam said through a Euro-  
pean state that if the three sides of the Coalition Gov-  
ernment of Democratic Kampuchea [CGDK] should  
establish, with the bogus Phnom Penh regime, a so-called  
quadrilateral coalition government, Vietnam would be  
willing to negotiate the problem of troop withdrawal  
with this government. After the bankruptcy of this plot  
to turn the Cambodia problem into one between Cam-  
bodians—instead of one between the Vietnamese and  
the Cambodians—Soviet Foreign Minister Shevard-  
nadze in the first part of March went through Thailand  
to visit Australia, Indonesia, Laos, the bogus Phnom  
Penh government, and Vietnam carrying out secret  
activities in connection with the Cambodia problem.  
Then Indonesian Foreign Minister Mochtar in May  
reiterated the idea of various sides related to Cambodia  
holding a so-called "cocktail party," without precon-  
ditions and without any political label, on an equal footing.  
He reached agreement on this idea with the Vietnamese  
regime at the end of July.

On 16 August, a special ASEAN ministerial meeting held  
the view that after the start of the "cocktail party,"  
Vietnam should immediately participate in order to  
bring about dialogue between Vietnam and various sides  
of Cambodia. The 8-point proposal put forward by the  
CGDK last year should then become the basis for  
discussions at the "cocktail party." But the Vietnamese  
regime immediately refused to go along. It accused  
ASEAN of acting against the agreement reached between  
Vietnam and Indonesia. This showed that the Vietna-  
mese regime still lacked sincerity in solving the Cambodia  
problem.

Later, the Vietnamese regime again directed the bogus  
Phnom Penh regime to put forward a so-called 6-point  
policy statement, expressing willingness to meet with  
various sides of Cambodia, other than the Khmer Rouge,  
to discuss the problem of so-called national reconcilia-  
tion. In early October, the bogus Phnom Penh regime  
again put forward a so-called 5-point proposal, express-  
ing willingness to let Sihanouk hold an important post in  
the bogus regime, while Vietnamese troops were not to  
withdraw until "foreign influences stop intervening." All  
these were turned down by Democratic Kampuchea.  
Cambodian bogus head Hun Sen expressed through the  
Indonesian foreign minister the hope to meet privately  
with Sihanouk.

In early December, Sihanouk held a 3-day meeting with  
Hun Sen in France according to conditions he had  
insisted upon, and reached unanimous agreement on  
four points. On 10 December, Sihanouk issued a state-  
ment accusing Hun Sen of evading the problem of  
withdrawing troops from Vietnam and being the puppet  
of Vietnam, and announced the cancellation of any  
further meetings with Hun Sen.

Any big move by the Vietnamese regime has the support  
of the Soviet Union. Facts during the past year show that  
the Soviet Union can do something to urge Vietnam to  
withdraw troops from Cambodia and bring about a  
solution to the Cambodia problem.

**Afghanistan**—The year 1987 had just begun when the  
Kabul regime, under the instigation of the Soviet Union,  
called for so-called national reconciliation negotiations  
with the guerrillas; it suggested a cease-fire for six  
months, starting from 15 January. But from 15 to 17  
January, Soviet planes bombed some areas of Paktia and  
Qandahar. This showed that the call for a cease-fire was  
just a fraud. On 17 January, the Islamic Alliance of  
Afghan Holy Warriors turned down this suggestion and  
announced that so long as there was no unconditional  
withdrawal of all Soviet troops from Afghanistan, the  
guerrillas would never stop fighting. In early February,  
10,000-20,000 Soviet and Afghan troops with air sup-  
port attacked a guerrilla base in the (Zhawa) [2686 3907]  
area of Paktia Province, and also bombed Nangarhar,  
Konar, and other provinces. On 15 July, the Kabul



regime declared the extension of the period of cease-fire from 15 July to 15 January 1988. This proved that it had not reached the aim of inducing the guerrilla to stop resisting.

In indirect talks on a political solution of the Afghanistan problem between Pakistan and the Afghan regime sponsored by the U.N., two meetings in 1987 failed to reach agreement on the time schedule for the Soviet withdrawal of its troops. At the meeting in February, the time limit for the withdrawal of Soviet troops put forward by the Afghan side was reduced from 3 years to 18-20 months; while the Pakistani side called for an increase from 3 months to 6-8 months. At the meeting in September, the Afghan side again reduced the time limit for troop withdrawal to 16 months, still 8 months more than what the Pakistani program called for. Both sides failed to reach agreement. Under pressures from home and abroad, the Soviet Union later declared that given no intervention by other countries, Soviet troops could withdraw in 7-12 months.

At the time of the anniversary of the October Revolution, the Soviet Union briefed leader of the Kabul regime, Najibullah, on how to act when the latter went to attend the celebration activities. After returning to the country, Najibullah declared that if the guerrillas accepted a cease-fire proposal and pledged not to take further military action, the Soviet Union could withdraw in 12 months.

At the December U.S.-Soviet summit meeting, no agreement was reached on the Afghanistan problem. It seems that there is no hope to solve this problem within a short period of time.

**Palestine**—Israeli troops had mostly withdrawn from Lebanon, but still occupied a so-called "security zone" 10-15 kilometers deep and 70-odd kilometers long in southern Lebanon. Massed there were large numbers of tanks, armored carriers, and more than 1,000 troops. Israel continued bombing towns and villages in southern Lebanon, and Palestinian refugee camps were bombed more than 20 times in 1987. Faced with Israeli savagery, the PLO held the 18th meeting of the Palestinian National Council in Algeria in April. It decided to continue carrying out all forms of struggle, including armed struggle, to liberate the territory of Palestine and to insist on the PLO participating in international peace conferences as an independent party on an equal footing. The matter of calling an international peace conference on the Middle East problem was chiefly thwarted by Israel and the United States. For one year, there has been not the least progress. Israel and the United States had all along refused to recognize the PLO as the only legitimate representative of the Palestinian people. In addition, Israel set preconditions for Soviet participation in the meeting. The Soviet Union could not immediately go along. On such matters as the authority of the meeting, how to call it, and so forth, a consensus of views was also difficult to achieve. The escalation of the Iran-Iraq war

and the tense Gulf situation again diverted people's attention from the Palestinian issue. It seems that for a fairly long period of time there will be difficulty in putting a Middle East international peace conference on the agenda.

**Chad**—In November last year, conflict escalated between Chad and Libya. This year, it appeared Libya had been defeated. Chad recaptured the important northern town of Fada in early January. In the second part of March it attacked Quadi Doum, the second largest military base in the north, and Faya-Largeau, the largest city and an administrative capital in the north, reversing the situation on the battlefield. In early August, Chad recaptured Aozou, which had been occupied by Libya for as long as 14 years. Libya launched a counter-attack. In the latter part of August, each of the two sides announced that it held Aozou. In early September, the Chadian army in Ounianga Kebir clashed with the Libyan Army. It pursued and attacked Libyan troops until they ran to the Libyan border. For a time, the Chadians occupied the (?Ma'tan al-Sarra) [7796 7093 0982 5646 2139] military base of Libya, forcing the latter to blast it lest Soviet-made weapons and equipment on the base fall into the hands of Chad.

Through the good offices of Kaunda, executive chairman of the OAU and president of Zambia, both sides respectively announced a cease-fire in mid-September. In the latter part of September, the summit meeting of the special committee for mediating the dispute between Chad and Libya of the OAU was held in Lusaka. The meeting decided to hold a conference of legal and cartographic experts at the end of November in Gabon to study documents presented by both sides on particulars about their respective borders. In January next year, a ministerial meeting and a summit meeting will be successively held to mediate the differences between the two countries.

**Central America**—On 7 August, the five heads of state of Central America held a meeting in Guatemala, with the initiative grasped in their own hands, and signed the "Procedure for the Establishment of Stable and Lasting Peace in Central America," taking an important step in the development of peace in Central America. Before this, Reagan had on 5 August put forward a so-called 6-point plan to solve the Nicaragua problem. But the summit meeting, regardless of U.S. intervention, approved its own agreement, putting the Reagan administration in an embarrassing situation. On the one hand, the administration announced that this agreement could not protect U.S. security; on the other hand, it verbally expressed welcome for this agreement.

After the summit meeting of the heads of state of Central American countries, the Nicaraguan Government actively carried out the agreement on peace in Central America. In the second part of August, Nicaragua established a national reconciliation committee made up of government officials, missionaries, opposition party

members, and well-known social figures. The Catholic radio station and the newspaper EL NUEVO DIARIO of the opposition party, which had been closed last year, were again opened. Censorship of the mass media was cancelled. From 7 to 8 October, the Nicaraguan regime had the first national dialogue with 12 opposition parties in the capital. Later, it again agreed to have direct dialogue with antigovernment armed forces. The Nicaraguan Government won the praises of world opinion for its efforts to carry out the Central American agreement. The United States was compelled to hold in Managua on 11 November the first unofficial meeting with Nicaragua since 1985, studying problems about the normalization of relations between the two countries. But the United States has so far not given up its policy of intervening in Nicaragua by continuously supporting antigovernment armed forces. There has still been no relaxation in relations between the United States and Nicaragua. This constitutes an important factor marring the development of a stable situation in Central America.

### United States & Canada

#### U.S. Criticism of Yang Wei Trial Rejected

HK240948 Hong Kong AFP in English  
0938 GMT 24 Dec 87

[Text] Beijing, Dec 24 (AFP)—China rejected Thursday U.S. criticism of the trial of Chinese student Yang Wei who was sentenced to two years jail Monday for inciting unrest and spreading propaganda for a U.S.-based dissident group.

"This is purely China's internal affair," a Foreign Ministry spokesman said, referring to a U.S. State Department statement released here Tuesday attacking China for not allowing Mr. Yang a public trial in Shanghai Monday.

"Yang Wei is a Chinese citizen who has violated Chinese criminal law. He was thus brought to trial by the Chinese judicial departments according to Chinese law and judicial procedures."

The U.S. State Department said China's decision to close the trial to foreign observers was "counter to international principles of justice" and urged Beijing to "resolve Yang Wei's case in a fair and expeditious manner."

But a U.S. Embassy spokesman here said Thursday that the State Department's statement was actually made Sunday before the trial took place and was therefore not an official reaction to Mr Yang's sentence.

(Washington said Wednesday: "We regret the imposition of such a sentence and hope that after further review the Chinese authorities will show leniency.")

Mr Yang, 32, was sentenced to two years jail at the nationally-televised trial for inciting unrest and spreading propaganda for the New York-based Chinese Alliance for Democracy during student protests a year ago.

The Chinese press has said that Mr Yang was tried in open court and that his parents were allowed to attend. But officials in Shanghai, where the trial took place, said it was closed and that foreign observers could not attend.

The diplomatic row coincides with growing tension between Beijing and Washington following a U.S. Congress condemnation of alleged human rights violations in Tibet and Washington's annoyance at Chinese arms sales to Iran.

But Western analysts in Beijing said China's response to the U.S. statement was measured in tone in an apparent effort to avoid a flare-up in the issue.

Mr Yang, who had been detained without trial for almost a year, had been the subject of wide publicity in the United States, where Congress had cited his treatment as an example of alleged violations of human rights in China.

The Chinese press has described the Chinese Alliance for Democracy, founded by Overseas Chinese in 1983 after the suppression of the "Beijing Spring" democracy movement, as aiming to overthrow the Beijing government.

The Shanghai LIBERATION DAILY said a second member of the alliance, Qian Da was arrested in Shanghai Monday, having arrived two days earlier from the United States on a tourist visa.

Shanghai Public Security officials said Wednesday Mr Qian had been asked to leave the country.

### Soviet Union

#### Documentary 'Exposes' Truth of USSR History

OW241050 Beijing XINHUA in English  
1033 GMT 24 Dec 87

["Documentary Exposes More Truth of Soviet History"—XINHUA headline]

[Text] Moscow, December 24 (XINHUA)—The Soviet people are shown a new documentary which contains rarely seen clips recording aspects of political careers of powerful figures in the country's 70 years of history.

The film, entitled "More Exposure," showed little-known clips, photos and picture posters depicting all members of the first Soviet Government, including Lev Trotskiy and Nikolay Bukharin, who had been ignored in the Soviet Union for years.

The film reproduced scenes of the prosperous markets brought about by the new economic policy adopted in the early 1920s by Vladimir Lenin, the father of the Soviet Union.

Also shown was former Soviet leader Joseph Stalin's repression of large numbers of innocent people, and particularly his purge of the Red Army of 1937-1938, which left the Soviet Union without many senior military officials when Nazi Germany invaded the country with a blitzkrieg in June 1941.

The documentary praised Nikita Khrushchev for his contributions to the country's political life in the early days of his tenure of office, a reference to his efforts to expose Stalin's cult of personality. But the film criticized the former Soviet leader's mistakes, including his crude approach to the arts and his unrealistic schemes for the country's development.

The documentary was the latest of a series of official documentations that are in keeping with Soviet leader Mikhail Gorbachev's statement that there should be no blank spots in Soviet history.

The film also praised Leonid Brezhnev, Khrushchev's successor, for his part in enhancing the Soviet Union's defense and economic strength during the 1960s and 1970s, bringing the country to strategic parity in weapons with the West.

But it blamed Brezhnev for the economic stagnation in the later period of his reign and pilloried his fostering adulation of himself, for instance, by decorating himself with "more hero stars than general Marshal Georgiy Zhukov," who assisted Stalin in leading the Soviet forces to victory in World War II.

**PRC, USSR Sign Fishery Talks Summary**  
*OW240527 Beijing XINHUA Domestic Service in Chinese 1805 GMT 22 Dec 87*

[From the "International Shortwave" segment]

[Text] Beijing, 22 Dec (XINHUA)—Moscow report: A summary of talks on Sino-Soviet fishery science and technology cooperation was signed in Moscow on 21 December. According to the summary, China and the Soviet Union will cooperate in the survey of fishery resources, research on freshwater fish breeding, and fishery production.

#### Northeast Asia

**DPRK Paper Comments on ROK Election**  
*HK231305 Beijing RENMIN RIBAO in Chinese 21 Dec 87 p 6*

[XINHUA report: "Korea's NODONG SINMUN Carries Article Saying the Result of the General Election in South Korea Runs Counter to the People's Wishes"]

[Text] Pyongyang, 21 Dec (XINHUA)—The Korean newspaper NODONG SINMUN today published an article saying that the result of the "presidential" election in South Korea on 16 December runs counter to the

wishes and demands of the people in South Korea.

The article said: The election clearly showed that the South Korean people in various social strata opposed the continuation of the military dictatorship, and desired the establishment of a democratic government. The ruling party's candidate, No Tae-u, came to power as a result of the election. This indicates that the military dictatorship will remain unchanged in South Korea and that the South Korean people's desire for democracy will be trampled upon.

The article pointed out: This election taught the South Korean people a profound lesson; that is, if the democratic forces are not united, they will be unable to win victory in the struggle against the military dictatorship or ensure any fair election and real democracy. The article said that some people placed their partisan and personal interests above the national interests and the democratization cause, and this fragmented the votes of the democratic forces and created a favorable condition for No Tae-u's victory.

The article concluded by saying that the main body of South Korea's democratic movement is the general public, and they should be united and firmly carry on their struggle to usher in the spring of democracy at an early date.

**ROK Youths Attack U.S. Cultural Center**  
*OW220549 Beijing XINHUA in English 1852 GMT 21 Dec 87*

[Text] Beijing, December 21 (XINHUA)—Dissident youths of South Korea threw firebombs at the U.S. Cultural Center and a local radio-television station in the southwestern city of Kwangju, according to reports reaching here from Seoul.

About 50 students hurled firebombs at the main building of the United States Information Service (USIS) Cultural Center, setting the roof on fire before riot police rushed in to disperse them with tear gas, the reports said.

Earlier Monday, three youths tried to throw firebombs at a residential annex building of the USIS in the city but were stopped by police on guard. One man was arrested, according to the reports.

The reports said about 20 students threw a dozen firebombs at the Kwangju station of Munhwa Broadcasting Corp. (MBC) operating with a nationwide network. A wall was partly scorched but there was no damage.

According to the reports, about 250 students staged a series of violent street demonstrations in Kwangju starting at 2 p.m. chanting "the election is void." The youths threw firebombs and rocks and police countered with tear gas.



The influential leader of South Korea's Catholic Church broke his silence today on the victory of President-elect No Tae-u, saying: "The night is still long and the dawn of festive morning" for democracy "seems far away."

Cardinal Kim "Stephen" Su-hwan did not directly criticize the election victory of ruling party candidate No, but said the "pleasure of the victory has not been shared" by all.

"Though a winner has been born, the joy of the victory has not been shared wholeheartedly by the people, which makes me feel something is still to be desired," Kim said in a statement.

Meanwhile, a group of antigovernment students occupied a building at Cardinal Kim's cathedral for a fifth day, charging the first direct presidential election in 17 years of being riddled with government fraud and urging people to take to the streets to protest the result.

No won the December 16 election defeating two major opposition candidates by a plurality, garnering 36 percent of the nation's votes.

#### **Japan To Increase Defense Budget in 1988**

OW231436 Beijing XINHUA in English  
1643 GMT 23 Dec 87

[Text] Tokyo, December 22 (XINHUA)—Japan's defense spending for the 1988 fiscal year, starting next April, will exceed for the second consecutive year, 1 percent of the gross national product (GNP), the KYODO NEWS SERVICE quoted Defense Agency officials as saying today.

The Japanese Government predicted that the country's GNP, which measures the nation's overall economic activity, will grow by 4.8 percent, reaching 365.2 trillion yen (about 2.898 trillion U.S. dollars) in 1988. Therefore, the defense budget should reach 3,652 billion yen (about 28.98 billion U.S. dollars).

The defence agency is pressing for 3,735.4 billion yen (about 29.6 billion U.S. dollars) in defense spending for the next fiscal year, a 6.2 percent increase over the original defense budget for 1987.

In 1976, the cabinet of then Prime Minister Takeo Miki decided to impose the 1-percent ceiling on defense spending, but the restriction was overturned in January of this year by the former government under Prime Minister Yasuhiro Nakasone.

### **Southeast Asia & Pacific**

#### **Wan Li's Visit to Thailand Continues**

##### **Meets Prime Minister Prem**

HK231220 Beijing RENMIN RIBAO in Chinese  
22 Dec 87 p 6

[Report by Liu Aicheng (0491 1947 2052): "Thai Prime Minister Prem Tinsulanon Meets Wan Li"]

[Text] Bangkok, 21 Dec—Thai Prime Minister Prem Tinsulanon this morning met visiting Chinese Vice Premier Wan Li and his entourage here in the Prime Minister's Office. The two sides exchanged views on international questions of common concern, especially the Cambodian question, Sino-Thai relations, and so on. Both sides believed that Thailand and China share common views on many international questions, especially on the Cambodian question. Both sides stressed that the best solution for the Cambodian question is the withdrawal of all Vietnamese forces from Cambodia. During the meeting, Vice Premier Wan Li said that just as Prime Minister Prem does, the Chinese leaders attach great importance to the development of the friendly relations between China and Thailand. Prime Minister Prem said: "The leaders of our two countries often meet one another; for example, you have now come here to visit Thailand. The regular meetings between the leaders of the two countries will certainly contribute to the further strengthening of the friendly relations between the two countries." Prime Minister Prem added: "I am very happy to see China's achievements in all fields." "Thailand and China share common views on many international questions, such as the Cambodian question and the question of opposing racial discrimination." Vice Premier Wan Li agreed with the view of Prime Minister Prem and said: "China and Thailand share a unanimous stand on the Cambodian question. The Chinese Government has cooperated very well with the Thai Government headed by Prime Minister Prem in supporting the tripartite Coalition Government of Democratic Kampuchea headed by Prince Norodom Sihanouk, and in supporting the building of an independent and nonaligned state in Cambodia."

Commenting on the Soviet role and influence on the Cambodian question, Prime Minister Prem said that in his upcoming visit to the Soviet Union, he will frankly discuss the Cambodian question with the Soviet leaders.

Vice Premier Wan Li said: "We think that the Soviet Union should stop its support for the Vietnamese aggression against Cambodia. Without Soviet support, Vietnam could not sustain its occupation of Cambodia. And without the withdrawal of the Vietnamese forces from Cambodia, there will be no solution to the Cambodian question."

### Talks With Foreign Minister

BK231054 Bangkok ZHONG HUA RIBAO in Chinese  
23 Dec 87 p 4

[Text] PRC Vice Premier Wan Li and Foreign Minister Air Chief Marshal Siythi Sawetsila yesterday exchanged views on the current international situation and regional problems, especially the Cambodian issue, on the "Oriental Queen" cruise boat.

Those who attended the talks included Deputy Foreign Minister Praphat Limpaphan, Permanent Secretary for Foreign Affairs M.R. Kasemsamoson Kasemsi, Deputy Permanent Secretary for Foreign Affairs Koson Sinthawanon, Thai Ambassador to China Tet Bunnak, Director General of the Political Department M.R. Thep Thewakun, Director General of the Information Department Sarot Chawanawirat, and Deputy Director General of the Political Department Sarasin Wiraphon.

The Chinese side was also represented by Deputy Foreign Ministry Liu Shuqing, Chinese Ambassador to Thailand Zhang Dewei, and Foreign Ministry Secretaries Guan Dengming and Liu Yongxing.

Air Chief Marshal Siythi entertained Vice Premier Wan Li and his delegation on the "Oriental Queen" cruise boat along the Chao Phraya River and hosted a 3-hour dinner on the boat. Those invited on the river cruise included the above-mentioned senior Foreign Ministry officials; PRC Embassy senior officials; Wu Fengjin, the foreign minister's public relations advisor; and leading businessmen—including Li Jinghe, chairman of the Thai-Chinese Promotion of Investment and Trade Association; Xie Quomin and Li Shaozhu, executive and vice executive managing directors of the C.P. Group of Companies; and Ziaju Company director Yi Jinqiao.

The talks on the boat between the Thai and Chinese sides lasted for about 1 hour. Foreign Ministry Spokesman Sarot declined to talk to reporters about the details of the meeting. However, he admitted that the Cambodian issue was a major topic among the international issues discussed during the talks. It was expected that both sides also exchanged views on Prime Minister Prem's upcoming visit to the Soviet Union next year.

The river cruise, which took place in a friendly and cheerful atmosphere, concluded at 2100.

### Visits Agro-Industrial Projects

OW240945 Beijing XINHUA in English  
1146 GMT 22 Dec 87

[Text] Bangkok, December 22 (XINHUA)—Visiting Chinese Vice-Premier Wan Li said in Thailand's central province of Chonburi today that he was very much impressed by the development of Thai agro-industry.

He made the remarks when touring the Bangkok feed mill, some 50 kms southeast of the capital.

The mill, a company of the Chia Tai group of companies, has been built on the 17 acres (6.8 hectare) of land with a production capability of 50 tons per hour.

Wan visited a laboratory fully equipped with modern facilities. "It is very important to develop agriculture in a scientific way and make full use of the agriculture products" he said.

Chia Tai, known as the "Charoen Pokphand group" in Thailand, is a Thai-owned multi-national block with its headquarters in Hong Kong. The group, with branch companies set up in various Asia-Pacific countries including China and its Taiwan Province, has its main business in agro-industry and related industries.

In the early afternoon, the Chinese vice-premier went to see an agriculture development zone, one of the five under the sponsorship of the Chia Tai companies which groups 140 chicken raising families.

Chia Tai provides the farmers with low-interest loans which could be paid back in five years. Then, the farmers could have their own farms to further promote chicken raising and other business.

A farmer, Miss Tien Jai, told Wan Li that she is raising 20,000 chickens and earns over 100 U.S. dollars a month. "It is a very good way to develop the rural areas. If there is a county in the suburbs of Beijing, which could be developed in this way, there should be no problem in supplying China's capital with plenty of chickens," Wan Li said.

"We could learn from your experience. While the companies could make profits the farmers could also raise their standard of living," the Chinese vice-premier said.

### Meets Deputy Prime Minister

OW241016 Beijing XINHUA in English  
0922 GMT 24 Dec 87

[Text] Bangkok, December 23 (XINHUA)—Thai Deputy Prime Minister Chatchai Chunhawan (?said) Chinese Vice Premier Wan Li's visit to Thailand is of great significance to the mutual understanding and friendship between the two countries.

He made the remarks at a banquet held this evening in honor of Wan and his delegation, who are here to attend the celebrations of the 60th birthday of King Phumiphon Adunyadet.

Chatchai, also chairman of the Thailand-China Friendship Association, said the two countries have witnessed a constant development of their ties featured by trade and other exchanges, and have established close relations. Besides, the two peoples share similar cultural backgrounds. All these suggest that the two peoples are of the same origin.



Wan said at the banquet that though it is only 12 years since the establishment of the Sino-Thai relations, the friendship has struck root deeply in the hearts of the two peoples.

He said official and people-to-people exchanges are conducted on different levels and through different channels between the two countries and have borne satisfying fruits in the mutually beneficial cooperation in such fields as politics, economy and culture.

The Sino-Thai friendly relationship can be said to be a model of the relations based on the five principles of peaceful coexistence between countries with different social systems.

He also said a China-Thailand friendship association was established in China this year.

Earlier, Wan and Chatchai exchanged views on how to strengthen Sino-Thai cooperation.

The Thai deputy prime minister said his country is ready to make contribution at any time to China's development of Hainan Island when it becomes a province. In the afternoon, Wan paid a visit to Crown Prince Maha Wachiralongkon and invited him to visit China next year. The invitation was accepted.

**Coal Contract With Philippines Signed**  
*HK211221 Manila THE MANILA CHRONICLE*  
*in English 18 Dec 87 p 13*

[By staff member Corrie Salientes]

[Text] The Government yesterday signed a contract for the supply next year of \$9 million worth of coal from China.

The agreement covers the supply of 300,000 metric tons of high-grade coal. It was signed for the Philippine Government by Philippine National Oil Company (PNOC) president Manuel Estrella. China National Oil Coal Export and Import Corporation General Manager Huang Shaochen signed the contract for the People's Republic of China.

Estrella said the contract was the first government-to-government coal supply agreement entered into by the Philippines. It is renewable yearly.

Previous Philippine coal imports came from commercial suppliers in Australia and other countries.

He added that importation of the high-grade coal from China would enhance the utilization of local low-grade coal as they would be blended to suit local needs.

China's coal has an average heating value of 12,000 BTU (British thermal unit) compared to the local coal's 8,500 BTU.

Estrella said China would be a reliable coal supplier because it has a vast mineable coal reserve of about 200 billion metric tons.

This year China produced about 900 million metric tons of coal, about 15 million of which were exported to Japan and Europe.

PNOC vice president for coal Pete Santos said the China firm offered very competitive prices and easy payment terms to PNOC.

**Near East & South Asia**

**Pakistan's Ziaul Haq Wants More Cooperation**  
*OW240159 Beijing XINHUA in English 1524 GMT*  
*22 Dec 87*

[Text] Islamabad, December 22 (XINHUA)—Pakistan President Mohammad Ziaul Haq underlined today further cooperation with China in various fields.

He made this statement when he met the visiting Chinese aviation delegation headed by Mo Wenxiang, minister for Aviation Industry, in Rawalpindi, twin city of Islamabad.

He said that Pakistan is quite satisfied with China for cooperation and assistance it has offered to Pakistan when in need.

The visiting Chinese minister conveyed to Ziaul the top Chinese leaders' regards and welcomed him to visit China next year. Ziaul returned his regards to the Chinese leaders and added: "I am looking forward to my visit to your country next year."

The two countries signed an agreement earlier today to further their cooperation in aviation industry.

The Chinese visitors arrived here on December 18. They called on Prime Minister Mohammad Khan Junejo and discussed further cooperation on aviation industry with Pakistan officials in the past few days. Pakistan and China has already had joint ventures in this field.

The delegation will tour Lahore and Karachi before leaving for home on December 25.

**USSR Completing Airfield in Afghanistan**  
*OW230040 Beijing XINHUA in English 0758 GMT*  
*22 Dec 87*

[Text] Islamabad, December 22 (XINHUA)—Soviet occupation troops in Afghanistan are busy building their fourth largest military airfield in that country, according to an Afghan resistance source here today.

The airfield is located in Khwafa Ghar District of the country's Takhar Province bordering the Soviet Union, according to the source.

The source also said that work on the airfield began early last year and it will soon be completed.

Radio Kabul reported on December 18 that an "airport" was under construction in Takhar Province with Russian technical assistance, [words indistinct] that over 50 percent work had been completed.

The source noted that Soviet bombers and jets can easily strike against Afghan guerrilla strongholds anywhere in eastern and northern Afghanistan after the airfield comes into operation.

### Heavy Fighting Around Afghan City

OW230159 Beijing XINHUA in English 1029 GMT  
22 Dec 87

[Text] Islamabad, December 22 (XINHUA)—Heavy fighting has been continuing between Soviet-Kabul troops and Afghan resistance forces around Khowst City in Afghanistan's Paktia Province, according to reports reaching here today.

Khowst City, 25 kilometers from the Afghanistan-Pakistan border, has been besieged by Afghan Muslim guerrillas for 9 months.

About 20,000 Soviet-Kabul troops in the garrison in the city have failed to break the siege despite launching several large-scale attacks on the freedom fighters for the past 3 weeks.

All the roads leading to Khowst have been blocked by Afghan guerrillas to cut off supplies to the garrison, forcing the Kabul regime to try to airlift at night for the Soviet-Kabul troops in the city.

Head of the Soviet-backed Kabul regime Najibullah said recently the situation round the garrison town of Khowst is very bad with insufficient food.

Western diplomats believe that, short of supplies, the Soviet-Kabul troops may be forced to surrender to the Afghan resistance forces.

### West Europe

#### Professor Honored by London Economics School

OW231322 Beijing XINHUA in English 0814 GMT  
23 Dec 87

[Text] Beijing, December 23 (XINHUA)—Professor Huan Xiang, director-general of the Center of International Studies of China's State Council, has been elected honorary fellow of the London School of Economics and Political Science of the University of London, it is learned here today.

The announcement came in a letter Huan Xiang has received from I.G. Patel, director of the London school.

#### FRG Loan Agreements for \$29 Million Signed

HK230656 Beijing CHINA DAILY in English  
23 Dec 87 p 2

[Special to CHINA DAILY]

[Text] Two loan agreements totalling 46.7 million deutschmarks (\$29 million) were signed this month in Bonn between a West German implementing agency for capital aid to developing countries and China's Foreign Economic Relations and Trade.

About 25 million deutschmarks (\$15 million) is earmarked for the establishment of a Sino-German training centre in Tianjin. The rest will pay for renovations of the Jinxi Steel Pipe Plant in Northeast China's Liaoning Province.

The Tianjin training centre will educate medium and high-level technical personnel and skilled workers. The loan will be used to buy teaching equipment and instruments.

The Jinxi Steel Pipe Plant will use the loan to import a production line from West Germany to manufacture longitudinally-welded steel pipes. The line is designed to produce 50,000 tons of pipes a year.

China and West Germany started co-operating financially in 1985. The West German Government committed itself to extend loans of 50 million, 70 million and 100 million deutschmarks to China in 1985, 1986 and 1987 respectively. The loans mature in 30 years, including a 10-year grace period. They have an interest rate of 2 percent.

### East Europe

#### Gu Mu Meets With Polish Journalists

OW211204 Beijing XINHUA in English 1059 GMT  
21 Dec 87

[Text] Beijing, December 22 (XINHUA)—Chinese State Councillor Gu Mu met with Janusz Durmawa, editor-in-chief of the newspaper "REPUBLIC", organ of the Polish Government, and his party here this afternoon.

Gu Mu briefed the Polish guests on China's achievement made since the implementation of its open policy nine years ago.

Yao Xihua, editor-in-chief of China's "GUANGMING DAILY", was among those present at the meeting.

Janusz Durmala and his party are scheduled to leave here for home this evening at the end of their 13-day visit in Beijing, Shanghai and Guangdong Province.

**CPC Organ Approves Closing of HONGQI**  
*HK240232 Hong Kong WEN WEI PO in Chinese*  
24 Dec 87 p 1

["Dispatch" by Liu Jui-shao (0491 6904 4801): "The CPC's Highest Leading Body Approves the Dissolution of HONGQI Magazine"]

[Text] Beijing, 23 Dec—According to reliable sources, after detailed discussions, the highest leading organ of the CPC Central Committee has approved the dissolution of HONGQI magazine, organ of the CPC Central Committee. The relevant circular has been transmitted in restricted circles. The relevant personnel of the various departments of HONGQI magazine held a meeting this afternoon. The placement of the relevant staff following the dissolution is being handled with great care. It is learned that some staff will be transferred to the Central Party School and some other will seek their own ways out.

Three months ago, there was news about the abolition of HONGQI magazine. Later, because of the emergence of many plans, the decision was delayed. Some people suggested that HONGQI be merged with LILUN YUEKAN [THEORETICAL MONTHLY] of the Central Party School; others suggested that HONGQI be placed under the party school or the Propaganda Department of the CPC Central Committee instead of being an institution at the ministerial level; and others, however, suggested that the leading body of HONGQI be reorganized. It was only several days ago that the matter was finally decided.

Starting publication on 1 June 1958, HONGQI has always been the organ of the CPC Central Committee.

**No Directive Yet on Closure**  
*HK241108 Hong Kong AFP in English 1055 GMT*  
24 Dec 87

[By Pierre-Antoine Donnet]

[Text] Beijing, Dec 24 (AFP)—A Hong Kong newspaper Thursday reported that China's ideological journal RED FLAG was to close, a move Western diplomats here said would denote a further reduction in the role of ideology in Chinese society.

The pro-communist newspaper WEN WEI PO, which has highly-placed Chinese Communist Party sources, said a decision had been taken several days ago by party leaders to close the bimonthly magazine first published in 1958.

It gave no reason.

A spokesman for the journal here questioned over the telephone about the press report laughed nervously then said: "No comment. We have received no directive (on a closure). The RED FLAG magazine is working normally."

The suppression of the magazine, which has a circulation of over two million and in recent years has been a bastion of conservative orthodox thinking, had been envisaged for several months, WEN WEI PO and Western diplomats here said.

If its closure is confirmed, this would denote a new reduction in the influence of ideology and represent an audacious offensive by party reformists against conservatives hostile to the size and scope of current reforms, the diplomats added.

Closure would also be a psychological blow to millions of party officials for whom RED FLAG is the leading official reference on current political thinking, Western analysts said.

WEN WEI PO did not give a date for the reported closure. It said some of the staff would be transferred to the party's Central School, while others would have to find new jobs themselves.

When the reported closure was mentioned to a Central School spokesman he could not hide his surprise. "That's incredible," he replied.

The closure of a party organ as important as RED FLAG would be the first since the founding of Communist China in 1949.

No other publication, apart from the official party newspaper, PEOPLE'S DAILY, is as politically important as RED FLAG.

Former top journalists on RED FLAG have been ultra-conservatives and hardliners. But Editor-in-Chief Xiong Fu was replaced in September by Su Xing, a reformist economist, in a move seen at the time as a reimposition of reformist authority in the party.

A member of the journalists' association in China refused comment on the reported closure, saying: "This type of thing is decided 'on high' and we have no means of knowing it."

Some diplomats said that, if closure is confirmed, it could be resented by conservatives who, while having lost influence since the party congress in October, retained the means of publicising their views.

The Chinese press published at the end of November several virulent criticisms of unidentified party theoreticians whom it accused of obstinately rejecting any evolution in Marxism.



The GUANGMING DAILY, the intellectuals' newspaper, said on November 26 that, because of longstanding leftist influences in China, "some theoreticians faced with a new situation and new problems have a tendency to look in classical Marxist works for answers that they cannot find."

PEOPLE'S DAILY said four days later that reforms were hampered by dogmatic theoreticians suffering under the "leftist influences" of the past.

Western analysts said WEN WEI PO's flying of the RED FLAG report could have been a carefully arranged "leak" to prepare the ground for an official announcement.

**'100 Years' of Initial Stage Clarified**  
*HK231521 Beijing LIAOWANG in Chinese*  
*No 49, 7 Dec 87 p 1*

[Article by Mo Ru (5459 1172): "An Explanation of the Meaning of 'At Least 100 Years'"]

[Text] When discussing the initial stage of socialism in his report to the 13th Party Congress, Comrade Zhao Ziyang remarked: "It will be at least 100 years from the 1950's, when the socialist transformation of private ownership of the means of production was basically completed, to the time when socialist modernization will have been in the main accomplished, and all these years comprise the initial stage of socialism."

This is the first time that a specific concept of time, namely, "at least 100 years," on the initial stage of socialism has been put forward in a party document. That is to say, only by working hard for almost a century will it be possible for the Chinese people to basically achieve socialist modernization and for our society to march toward a higher stage.

The words "at least 100 years" have given rise to comments and worries among some comrades.

"Oh, 100 years! Does this not mean that we are farther away from communism and that there are slimmer hopes for realizing communism?"

"After engaging in socialism for over 30 years, we are still at the initial stage of socialism and it will still take such a long time to complete it!"

"100 years, isn't this too slow?"....

In fact, it is not just today that we put forward the idea that it will take at least 100 years of hard struggle to accomplish the tasks in the initial stage of socialism, that is, to basically accomplish the task of socialist modernization. Since 1984, Comrade Deng Xiaoping has talked about it many times and has made incisive analyses of its contents, measures, and standards. In a conversation in May 1984, Comrade Deng Xiaoping said: "China is still

very poor today and the per capita GNP is only \$300. But we have lofty aspirations and great ideals of reaching \$800 per capita by the end of this century. This means that, by the end of this century, our GNP will reach \$1,000 billion. More important, by working for a further 30 to 50 years on such a basis we shall be able to approach the level of developed countries."

Since then he has expounded this idea many times. He said: Our objective of struggle is to achieve a relatively comfortable standard of living by the end of this century, which represents a stage, on this basis, or more accurately, we shall spend another 50 years to achieve the second objective, to approach the level of developed countries by the middle of the next century. "Here I refer to production and the standard of living rather than the system. This is something possible, something that can be seen and touched."

What sort of time concept is this? You see, we shall achieve a relatively comfortable standard of living in 22 years—that is, from the 3d Plenary Session of the 11th CPC Central Committee in December 1978 to the end of this century; we shall basically achieve socialist modernization and approach the level of developed countries in the 50 years to the middle of the next century, that is, before or after 2050. These, plus the 22 years of socialist construction, that is, from the 1950's, when the socialist transformation of private ownership of the means of production was basically completed, to 1978, makes "at least 100 years"!

We can thus see that the words "at least 100 years" are not groundless but are based on reality. Why is it that, when the party Central Committee put forward the objective of quadrupling the GNP by the end of this century and quadrupling it again by the middle of the next century, people unanimously felt inspired and elated but, when it was explicitly pointed out that the initial stage of socialism would take "at least 100 years," they thought it was too long and were shocked? This is perhaps due to two factors: First, they still do not have a thorough understanding of the initial stage of socialism; second, our comrades are accustomed to such general concepts as "protracted natures, complexity, and arduousness" and are still unaccustomed to numerical concepts.

Are there slimmer hopes for realizing communism? No. The Chinese communists have always regarded the realization of the communist society as our highest ideal and an ultimate objective of struggle. The older generations of revolutionaries advanced wave upon wave, laying down their lives or shedding blood; we and the communists of later generations will still struggle for it ceaselessly. We firmly believe that the communist society is the finest human society and that communism will certainly be realized through the struggle of innumerable communists. However, as we must walk step by step and eat mouthful by mouthful, we must proceed from reality. Our party has inferred that China is still in the initial

stage of socialism and has explicitly put forward the party's basic line in the initial stage of socialism and the specific plans and requirements for achieving it in three steps. This is "something that can be seen and touched." It has strengthened people's confidence and determination to realize communism. How can we say that there are "slimmer hopes" for realizing communism?

Is it too slow to achieve socialist modernization in 100 years? Everyone wants to achieve socialist modernization as soon as possible so that our country can become powerful, our people can become more prosperous, and our country's socialism can have more advantages and a stronger appeal. But we should not forget that our socialism has emerged from the womb of semicolonial and semifeudal society and our productive forces lag far behind those of developed capitalist countries. This determines that we must undergo a very long initial stage to achieve the industrialization and the commercialization, socialization, and modernization of production achieved by other countries under capitalist conditions. If the whole nation strives to reach in 100 years the current production level and living standards achieved by the capitalist world in over 300 years, instead of regarding this as slow, we should regard it as high speed.

Comrade Zhao Ziyang put it well when he said in his report: The initial stage of China's socialism is one in which we shall gradually put an end to poverty and backwardness. It is a stage in which an agricultural country, where farming is based on manual labor and where people engaged in agriculture constitute the majority of the population, will gradually turn into a modern industrial country where nonagricultural workers constitute the majority. It is a stage in which a society where the natural and seminatural economies make up a very large proportion of the whole will turn into one with a highly developed commodity economy. It is a stage in which, by introducing reforms and exploring new ways, we shall establish and develop socialist economic, political, and cultural structures that are full of vitality. Lastly, it is a stage in which the people of the whole country will rise to meet the challenge and bring about a great rejuvenation of the Chinese nation. It takes time to accomplish and fulfill so many major tasks.

**Zhao Congratulates ECONOMIC DAILY**  
OW240448 Beijing XINHUA in English 0252 GMT  
24 Dec 87

[Text] Beijing, December 24 (XINHUA)—Chinese leader Zhao Ziyang has urged the Chinese "ECONOMIC DAILY" to make greater contributions to China's socialist construction and the overall reform.

In his letter on November 17 to the newspaper congratulating the fifth anniversary of its founding, Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, said, "I hope you'll adhere to the reform and constantly blaze new trails in making your paper into one with more vitality, profoundness

and unique characteristics, and to make greater contributions to propagating and carrying out the guide-lines of the 13th Party Congress and promoting the socialist construction and full-scale reform of our country."

Today's "ECONOMIC DAILY" carries a large photo on the front page showing Chinese leader Deng Xiaoping reading the "ECONOMIC DAILY" in September 1984.

"ECONOMIC DAILY", China's national economic newspaper, was launched on January 1, 1983.

**Li Peng Urges Telecommunications Development**  
HK240602 Beijing CHINA DAILY in English  
24 Dec 87 p 1

[By staff reporter Liu Dizhong]

[Text] Acting Premier Li Peng is calling for faster development of the nation's telecommunications industry to strengthen ties between China and the rest of the world.

He is also urging reliance on Chinese-made facilities to update the country's telecommunications system, a weak link in China's ambitious modernization programme.

Li made the remarks yesterday at a coremony to mark the official opening of the Beijing International Telecommunications Office (Bito), one of the State's major projects during the Sixth Five-Year Plan (1985-85).

With this new telecommunications centre in operation, China's links with other countries will be greatly expanded. For instance, its international direct dialling (IDD) system will permit direct telephone contact with more than 100 countries and regions early next year, up from only 19 at the moment.

The 13-storey Bito building is also providing facilities for 12,000 international telex channels and other up-to-date equipment for such services as international telegrams, facsimiles, data transmission, mobile telephones and video conferences.

Most of the existing facilities in the nation's telecommunications services are domestically designed and manufactured. They include a 1,800-channel microwave and a 4,380-channel medium coaxial cable carrier system, optic fibre trunk systems in the local telephone networks of some cities, and newspaper facsimile and data communications systems.

"We should use as much home-made equipment as possible," Li said. "Otherwise it will be difficult to upgrade telecommunications in a country as vast as China."



By the end of this year, the number of telephone calls between China and the rest of the world is expected to reach 25 million, a 31-fold increase over 1978. International telex exchanges will be up to 7 million, a rise of 400 percent.

China has direct telecommunication links with 44 countries and regions.

#### **Article on Quickening Financial Reform**

HK240551 Beijing RENMIN RIBAO in Chinese  
14 Dec 87 p 5

[Article by Fang Xiaoqiu (2455 2556 8002): "A Probe Into the Question of Accelerating Financial Reform"]

[Text] During the 9 years of economic reform, financial departments have adopted many reform measures and made important contributions. But the budget is still facing problems. Revenue is incapable of showing a big increase, while expenditure is increasing at a very quick pace. The budget deficit remains. We believe that this is the ultimate reflection of the interaction of the economic reform and various developing contradictions and is a problem hindering progress. There is no way out if we should back out. The fundamental way out in overcoming the financial problems is to deepen the financial reform.

#### **Clearly Define the General Aims of Reform [subhead]**

In deepening the financial reform, we must first clearly define the general aims of the financial reform.

1. In line with the demands of the economic reform, we must set out the objectives of financial policy. Unlike the financial policy of capitalist countries, socialist financial policy should have the following objectives: a) We must gradually improve the people's living standard on the basis of the development of production. b) We must insist on achieving respective balances in receipts and expenditures and in borrowings and loans granted and a comprehensive balance between the two, guarding against inflation and ensuring a fundamental balance between overall social demand and overall supply and the basic stability of the general level of commodity prices. c) We must stimulate the proper arrangement of resources and the perfection of an economic mix, bringing about a coordinated national economy and its steady growth. d) We must establish a social insurance fund system conducive to full employment for qualified workers. e) We must establish and increase the state's reserve funds. Such financial safeguards as the people exercising political democratic rights and so forth are an important part of the regular outlay in the budget. There is no need to elaborate.

2. We must realize the standardization of relations of financial distribution and financial policy. In our country, the financial reform should result in the realization

of standardization and an increased degree of transparency in the two matters of financial policy and relations of financial distribution. To this end, we must work hard. The most important thing is that we must have perfect legal and systems-related guarantees. For example, we must formulate a financial law and a budget law. We must draw up a law regarding the setting up of a Ministry of Finance [as published], defining the limits of power of the minister of finance. We must put the Ministry of Finance under the strict supervision of the National People's Congress and openly announce its responsibility to the NPC and the State Council. Meanwhile, within the limits of what the law permits and what the NPC approves, we must grant decisionmaking powers to financial organs at various levels and allow financial organs to reject additional extrabudgetary expenditure and tax exemptions, upholding the dignity of the state budget.

3. We must change the concept of financial management. At present, a leap forward in quality is taking place in the concept of finance and financial management. This means a switchover from the type of supply from the budget to finance based on operation and management. At present views are divided on the financial difficulties being experienced and their relation to financial functions. This has a direct effect on changing the concept of financial management. One school of thought holds that since there are financial difficulties, we may as well let things take their own course, doing away with the role of the budget in construction and turning the financial matter of construction into "a financial matter eating rice." Another view is that financial difficulties can be entirely avoided and that the role of the budget in production and construction cannot be dropped. The main causes of financial difficulties are internal, not external. If we improve the matter of macroeconomic control and strengthen integrated reform, and overcome a trend toward an unrealistically quick development, we can entirely avoid financial difficulties. The latter view reflects current objective realistic conditions. Ours is a multinational and developing country with extremely great imbalances between different areas in development. It is a socialist country under the leadership of the CPC and objectively calls for macroeconomic control by the government to ensure a rational economic mix and avoid economic turmoil arising from an imbalance between given proportions. This calls for finance to exploit such features as the concentrated distribution of large amounts of money and emphasis on the economic interests of the whole and social results. Given rational distribution of productivity and proper attention to industrial policy and a fair-sized economy as a guide, investment in profit-making and non-profit-making fundamental industries is to be maintained. Modern technology is used for the benefit of backbone enterprises, so that they can give full play to their role and accelerate the pace of modernization. This role of socialist finance cannot be overlooked because of the recent tight money situation.

How can we have an understanding of the plurality of government financial organs? This is a problem where the political system and the economic system meet. Apart from having a clear understanding of the scope and role of finance, we must at the same time change our concepts as follows. First, the concept of "only organs within a financial department are capable of representing the government in money management" must gradually change with the development of productivity and progress in strengthening macroeconomic control. Financial management organs independent of a financial department can similarly represent the government. For example, some banks undertake to take care of fixed government assets and loans with compensation. Some banks are committed to loans without compensation and take care of financial matters of construction enterprises, and so forth. The deepening of the reform of the financial system will meet the demands of a planned commodity economy. This will play a positive role in such matters as widening the scope for short-term financing, developing credit in various forms, establishing and perfecting the financial market, and so forth. Second, the concept of government financial management departments being capable of two options—centralization and initiating. Government financial management departments abroad generally are of two patterns. One is marked by concentration on financial management. This means installing various organs within a financial department to concretely formulate financial policies and control the budget. The other calls for installing a financial management department above various independent financial management organs. Its main function is to draw up policies, systems, and decrees concerning the management and use of various kinds of money. What is the pattern our country should follow? This should be determined by the NPC.

#### Ways To Quicken the Pace of Financial Reform [sub-head]

We must quicken the pace of financial reform. Concretely speaking, there are the following several suggestions.

1. We must introduce finance on the basis of classification. The system of taxes in different classifications can better meet the needs of a planned commodity economy exercising macroeconomic control over finance. We should actively create conditions for its gradual introduction. The introduction of this system will bring about a switch from the pattern of allocating revenue to various levels according to the relations of enterprises in being under a given administration to the allocation of revenue to central and local levels respectively on the basis of taxes in different classifications. This means a renewed delineation of the scope for spending to bring it in line with the functions of governments at various levels and allows the establishment of a real financial system based on classification, with budgets at various levels respectively seeking a balance. On the one hand, it can lessen the degree of control arising from the relations of one

being placed under another, with "departments or organs operating separately," and allow the thorough implementation of the principle of separation of government and enterprise functions where relations between the state and enterprises are concerned. This stimulates enterprises to realize the aim of operating on their own and to compete on a fair basis. On the other hand, it helps in stabilizing the relations of financial distribution between central and local levels, realizing the readjustment and transformation of the functions of governments at various levels and perfecting macroeconomic control at different levels. Having regard for various restraining factors and the process of linking things up in reform, the financial system of taxes in different classifications cannot be realized overnight. But it can be gradually introduced through temporary measures (such as the introduction of taxes that benefit all through the readjustment of proportions with a change in concrete conditions).

2. We must energetically stimulate and guide the development of the enterprise contracted operation responsibility system. At present, state enterprises have introduced various versions of the contracted operation responsibility system. This is an important step in further arousing the enthusiasm of enterprises and workers. In line with the aim of the reform concerning the financial "system of putting taxes in different classifications" and with the demand for the standardized regulation of socialist commodity economy, the development of the contract system calls for continuing the positive results of the two steps of the reform a few years ago with a "switchover from profits to taxes" and for the proper handling of the relations between the present reality of nonstandardization and the trend toward standardization in the long-term goals of reform. An important point worth noting is that circulation taxes should not be brought within the scope of contracts. After income taxes and regulatory taxes are brought within the scope of contracts, it is suggested that they be handled along the lines of "two lines representing receipts and expenditures." This means that an enterprise pays taxes according to rules. At the end of the year, the tax department refunds to it the proper amount based on what has been contracted for. While the enterprise and the state are committed to a contract, we must actively try to perfect the operation mechanism in enterprises and establish a strict system of responsibility at various levels and the factory director (manager) responsibility system with given goals during the period of tenure.

3. We must further perfect the tax system and do away with the practice of pretax repayment of loans. In line with the aim of the reform concerning the financial system of taxes in different classifications, the existing tax system should be reformed and perfected. Within the framework of the initially formed complex tax system involving many kinds of taxes, many links, and many separate collections, we can consider increasing the proportion of ad valorem taxes in circulation taxes and impose some new taxes. We must combine and unify



various kinds of income tax, and perfect practices regarding local taxes. At present, the practice of repaying loans before income tax with regard to special loans for enterprises is still a form of enterprises sharing equally in the state's "big pot." The special banks granting loans are also cases of "harvests being guaranteed despite drought or floods" without any risk being assumed. This does not help in improving the operation mechanism for basic-level banks and in reforming the financial system. In deepening the reform, there is an urgent need to sort out the relations of distribution through a switch from pretax loan payment to after-tax loan payment. The concrete idea is that we can have a period of transition through readjusting income tax downward and introducing the "old practice for old loans" and the "new practice for new loans" (all repaid after tax). In addition, we must strengthen publicity concerning the tax law and control over tax collection. We must strictly adhere to stipulations by the State Council, strictly prevent granting tax reductions and exemptions by exceeding the limits of power or abusing authority to allow tax reductions and exemptions, and strictly wield the lever of tax collection to enable it to play an effective role in regulating the economy.

4. We must actively establish and perfect the system of management of state-owned property. Facts in the 9 years of reform show that to get rid of the defect of government administration not being separated from enterprise management there is a need to separate the government's general function of economic regulation and control from the function of managing state-owned property. We cannot avoid sorting out the relations of ownership of property and establishing a system of management of state-owned property. Financial departments must, in line with the new situation, establish organs to manage state-owned property in carrying out reforms to link things up. They must introduce reform measures to enable state-owned property to pay dividends. Through the separation of taxes and profits, they must stimulate the separation of government administration and enterprise management, protecting state-owned property against erosion and enabling it to be rewarded with proper yields. 5. We must formulate a budget law as quickly as possible and strengthen the establishment of legal systems concerning financial management and financial matters. We must make full use of financial laws to readjust the mix of economic interests among the state, the locality, the enterprise, and the individual, sort out the relations of financial distribution, and put them on a standardized basis. We must work out a strict budget-setting system and legal systems regarding examination, revision, execution, calculation, and supervision. Meanwhile, we must also revise, supplement, readjust, and perfect a complete set of regulations in regard to financial management and financial matters.

6. We must actively establish fund-management systems in various forms. In the past, given unilateral emphasis on the use of budget funds without compensation, not

enough importance was attached to special budget allocations, state loans, and other funds used involving compensation and forms of state credit. Under the new situation, the establishment of fund management systems in various forms should become an important part of the effort to perfect the macroeconomic management system. Regarding income from state loans, and other kinds of money devoted to production and construction projects, we should establish investment funds used for short-term financing purposes to strengthen economic accounting and improve the results of the use of funds. As to extrabudgetary money, we can, on the basis of the sources and purposes of different kinds of money, draw up budgets for various kinds of special funds. Through the combination of economic, legal, and administrative means, we can regulate the direction of the flow of such money and the amount involved, achieving the aim of exercising control, but not in a rigid way, and allowing flexibility, but not in such a way as to cause turmoil.

7. We must strengthen the coordination of financial, banking, and other comprehensive economic departments and form a powerful coordination command organ. A switchover in macroeconomic control from emphasis on direct control to emphasis on indirect control imposes new demands in regard to the coordination of finance, central banks, and other comprehensive economic departments. To make the system of macroeconomic regulation and control sound and perfect, the formulation of economic policies by various departments, application of economic levers, and various reform measures must be mutually complementary and closely coordinated. Finance and the Central Bank should be devoted to seeking a general balance between overall demand and overall supply and the maintenance of long and steady economic development as a common policy goal. They must keep a close watch over macroeconomic distribution of money in the course of division of work and coordination. They must energetically coordinate their efforts with the solution of the problem concerning loss of control of the amount of investment in fixed assets and the swelling of consumption funds and resolutely get rid of the defect of finance squeezing banks out and banks improperly drawing on resources from the financial system. To smash the "big pot" related to receipts and expenditures and the issuance of money, banks must take the needs of state credit into consideration. State credit must be included in the annual credit plan to guard against a swelling of credit. We must further develop state credit and take the issuance of proper amounts of government bonds with different maturities as a means of regularly raising funds financially. We must organize the establishment of state treasury banks and perfect the state treasury system. Taxation, bonds, interest, and other economic levers must be properly coordinated in their use. Financial, banking, planning, and other departments must achieve a balance and a linkup between each other in regard to the ability to provide funds and the scale of production and construction. Not only must respective balances in departments themselves be brought about but, more

importantly, attention must be paid to a comprehensive balance. The aim is to properly handle the relations between reform and construction, between construction and national resources, and between speed and results. We must do all we can and do what is within our capacity in bringing about a benign cycle in the national economy.

8. We must formulate financial reform plans. To guide the economic reform in the proper direction, properly link things up in reform, and avoid negative effects and contradictions between various reform measures, we must formulate general plans for economic reform and development. On the basis of economic reform plans, we must, in line with the strategy for the development of the economic reform, formulate plans for the development of the financial reform and clearly define the strategy for the development of the financial reform, bringing about a linkup between the financial reform and the economic reform and stimulating the coordinated and healthy development of financial and economic reforms.

#### **Minister Says More Textiles Exported**

OW241041 Beijing XINHUA in English 1430 GMT  
22 Dec 87

[Text] Beijing, December 22 (XINHUA)—China's textiles exports are expected to reach eight billion U.S. dollars this year, a 30 percent increase over last year, Chinese textiles industry minister said here today.

This year's output value of textile industry is estimated to total 120 billion yuan, eight percent more than last year, Minister Wu Wenying told a national conference of textile industry officials, which opened here today.

The 1987 output of chemical fibres will reach 1.1 million tons, up 8.2 percent. Big rises were also registered in the output of other products like cotton yarn, cotton cloth, woollen fabrics, knitting yarn, silk, and garments, she added.

The minister said that the industry is expected to make a total of 15.99 billion yuan of profits, 8.7 percent more than last year. The 1979-1987 profit was equal to the total made between 1949, the year when the country was founded, and 1978, the year before the start of the economic reform, she added.

The 1979-1987 period also saw the best development of Chinese textile industry ever since the founding of New China, though there were two big price cuts for textiles, the minister noted.

The country's population increased by more than 100 million during this period, yet the per capita chemical fibres [as received] has grown by two-thirds. The country's chemical fibre output increased three-fold, Wu Wenying added.

Textiles have now become the country's biggest foreign exchange earner—50 billion U.S. dollars in the past nine years.

#### **Naval Phased-Array Radar System Approved** OW240253 Beijing XINHUA in English 1444 GMT 22 Dec 87

[Text] Nanjing, December 22 (XINHUA)—A naval radar system, able to measure the distance, position and height of a target simultaneously, and guide cannons and missiles, has been developed by a research institute in this capital of Jiangsu Province.

With latest techniques, including phase scanning, this system can be produced only by a small number of countries.

Trial use over the past two years, including in a hurricane, proved that its precision, counter-interference, reliability and other features are up to the international standard.

Representatives from the Navy, the headquarters of the Army general staff, the Commission of Science, Technology and Industry for National Defence, the China Shipbuilding Industry Corporation and other units have agreed that the design can be finalized and batch production can begin.

## Central-South Region

### Lin Ruo Attends Guangdong Plenary Session

HK231221 Guangzhou Guangdong Provincial Service  
in Mandarin 0400 GMT 21 Dec 87

[Text] The Seventh Plenary Session of the Fifth Guangdong Provincial CPC Committee opened in Guangzhou this morning. Ye Xuanping, deputy secretary of the provincial party committee, presided over this morning's session. On behalf of the provincial party committee standing committee, Lin Ruo, secretary of the provincial party committee, made a work report at the plenary session.

In his report, he said: This plenary session of the provincial party committee is being held when the CPC Central Committee has decided to designate our province a comprehensive reform experimental zone, and following the successful holding of the 13th CPC National Congress. On the foundation of summing up this year's work, this plenary session must study the problems of further carrying out reform, opening up, and speeding up economic development in our province and make arrangements for the first step of work next year.

Attending the session are the members and alternate members of the provincial party committee and members of the provincial Advisory Commission and provincial Discipline Inspection Commission, totaling 139 people. Responsible comrades of departments concerned, totaling 41 people, are attending the session as nonvoting delegates.

This plenary session will examine and discuss the work report of the provincial party committee standing committee and discuss and adopt the resolution on the convocation of the Sixth Guangdong Provincial CPC Congress.

### Leaders Address Hunan Plenary Session

HK231233 Changsha Hunan Provincial Service  
in Mandarin 0100 GMT 15 Dec 87

[Text] An enlarged meeting of the Fifth Plenary Session of the Fifth Hunan Provincial CPC Committee was held yesterday morning in Changsha. Mao Zhiyong, secretary of the provincial party committee, presided over and addressed the meeting. Liu Zheng, deputy secretary of the provincial party committee, delivered a report on a number of issues regarding in-depth study of the documents of the 13th National Party Congress.

Comrade Mao Zhiyong said: After some deliberation, the provincial party committee standing committee decided to hold this enlarged meeting. The major tasks of this meeting are: To further study and implement the documents of the 13th National Party Congress; to summarize this year's work; and to draw up a plan for next year's work.

Comrade Liu Zheng's report on a number of issues regarding the in-depth study of the documents of the 13th National Party Congress is divided into five parts:

First, conscientiously studying the documents of the 13th National Party Congress and conducting in-depth education in the party's basic line constitute important capital construction for the party in the political and ideological sphere.

Second we must conduct in-depth education in national conditions, and further emancipate our minds.

Third, we must conduct in-depth education in having one center and two basic points, and speed up reform and construction.

Fourth, we must conduct in-depth education in inspiring the national spirit, and unswervingly implement the guiding principle for self-reliance and building enterprises through arduous efforts.

Fifth, party organizations at all levels must do well in conscientiously promoting education in the party's basic line, and gradually deepen this education.

In his report, Comrade Liu Zheng reviewed the conditions of the study of the documents of the 13th National Party Congress as conducted by all areas in our province during the previous period. He said: The study activities carried out during the previous period have shown a number of distinctive characteristics.

First, the spirit of the 13th National Party Congress has been quickly disseminated, and the study has been conducted on a large scale.

Second, leading cadres have taken the lead in studying the documents, and have also devoted a lot of time and energy to studying the documents from beginning to end.

Third, during the study, areas throughout the province have done a relatively good job of spreading the experience gained by Shaoyang City, and many leading cadres have sincerely held talks and dialogues with the cadres and people, thus integrating both the study of the documents and holding dialogues with the work of resolving difficult issues and carrying out practical and realistic tasks.

Fourth, during the study, all areas and departments have started with deliberating on plans for deepening reforms in close connection with the provincial conditions as well as the conditions of their cities and counties.

Overall, their enthusiasm for studying the documents ran high. However, the study has just begun. Moreover, the study has been primarily and preliminarily carried out by leading groups only. We are currently faced with the following tasks: To study in accordance with the demands and plan set and formulated by the central



authorities ways to enable party organizations at all levels throughout the province to properly regard the serious study of the 13th National Party Congress documents and the deepening of education in the party's basic line at the initial stage of socialism as the central tasks ahead on the political and ideological front; and to study ways to conscientiously and successfully carry out these central tasks for the purpose of seeking unity in thinking among the vast numbers of cadres and people, speeding up and deepening reform, and promoting our socialist modernization.

Finally, Comrade Liu Zheng stressed: We believe that with the deepening of education in the party's basic line at the initial stage of socialism, and through the regularity of practice and knowledge moving in cycles, the vast numbers of cadres and people and particularly leading cadres at all levels will surely achieve a new leap in knowledge, a higher theoretical level, and a new breakthrough in practice, and our reform and opening up as well as our other types of work centering around economic construction will surely open up new prospects in the near future.

More than 580 people attended this enlarged meeting of the plenary session. They included full and alternate members of the provincial party committee, members of both the provincial Advisory Commission and the provincial Discipline Inspection Commission; principal responsible comrades from the provincial People's Congress Standing Committee, the leading party group in the provincial CPPCC Committee, and the party committee of the provincial Military District; principal responsible persons from all prefectural, city, and county party and government organizations; as well principal responsible persons from all the provincial departments, committees, offices, and bureaus, all the colleges and universities, and all the scientific research units.

Also attending the meeting were (Zhou Li), former member of the Central Advisory Commission; vice chairmen of the provincial People's Congress Standing Committee and the provincial CPPCC Committee, as well as veteran comrades from provincial units.

### Southwest Region

#### Guizhou To Convene Party Congress in 1988

HK231415 Guiyang Guizhou Provincial Service  
in Mandarin 2300 GMT 15 Dec 87

[Excerpt] The Ninth Plenary Session of the Fifth Guizhou Provincial CPC Committee yesterday decided to convene the Sixth Guizhou Provincial CPC Congress. In accordance with Article 24 of the CPC Constitution, it has been decided to convene the Sixth Guizhou Provincial CPC Congress in the third quarter of 1988.

The main items on the agenda of the Sixth Guizhou Provincial CPC Congress will be: 1) To listen to and consider the work reports by the Guizhou Provincial

CPC Committee, the Guizhou Provincial Advisory Commission, and the Guizhou Provincial Discipline Inspection Commission, and to pass relevant resolutions; and 2) to elect the Sixth Guizhou Provincial CPC Committee, its Advisory Commission, and its Discipline Inspection Commission. There will be 550 delegates to the Sixth Guizhou Provincial CPC Congress and a certain number of specially invited representatives. [passage omitted]

#### Class on Discipline Inspection Held in Yunnan

HK231435 Kunming Yunnan Provincial Service  
in Mandarin 1100 GMT 16 Dec 87

[Excerpts] A training class jointly sponsored by the provincial Discipline Inspection Commission and the party school of the provincial party committee for prefectural and county Discipline Inspection Commission secretaries to learn documents of the 13th CPC Congress concluded recently.

Provincial CPC Committee Secretary Pu Chaozhu delivered a speech at the class. He focused on two problems: 1) On the understanding of the initial stage of socialism and the party's basic line; and 2) on strengthening party building, administering the party strictly, and properly carrying out discipline inspection work in keeping with the spirit of the 13th CPC Congress.

Comrade Pu Chaozhu emphatically pointed out: In doing discipline inspection work, we must ensure the implementation of the party's basic line and promote the healthy development of reform and opening up. This is the orientation for our discipline inspection work.

He said: After the establishment of the party's line, party discipline inspection departments should, through their professional activities, fully exercise their functional role in examination and supervision, so as to ensure the implementation of the party's basic line and the healthy development of reform and opening up. The party's central task in the initial stage of socialism is developing the productive forces. All things advantageous to the development of productive forces serve the fundamental interests of the people and are therefore demanded or allowed by socialism. All things disadvantageous to the development of productive forces run counter to scientific socialism and are therefore not allowed by socialism. This is the criterion we should use to judge merits and demerits in building party style and carrying out discipline inspection work. [passage omitted]

He said: The key to administering the party strictly lies in upgrading the quality of party members, and of party-member cadres in particular. Discipline inspection commissions must strengthen supervision over party committees at the same level. If they give up supervision, it means they lack party spirit. Party committees must accept supervision by discipline inspection commissions at the same level. Under the new situation of reform and

opening up, party committees must strengthen leadership over discipline inspection departments, support their work, and help them improve their working conditions. On the basis of earnestly studying the documents of the 13th CPC Congress, discipline inspection departments must improve and strengthen discipline inspection work with a reform spirit, concentrate their efforts on enforcing party discipline, and assist party committees in improving party style, to meet the needs of the new situation of reform and opening up.

### Northeast Region

**Heilongjiang's Sun Listens to Opinions**  
*SK240555 Harbin Heilongjiang Provincial Service  
in Mandarin 2200 GMT 23 Dec 87*

[Excerpts] On the morning of 23 December, the standing committee of the provincial party committee held a meeting to listen to opinions. Leaders of the provincial party committee, including Sun Weiben, Chen Yunlin, and Qi Guiyuan, listened to the opinions of the central press units stationed in our province on our province's press work. [passage omitted]

Sun Weiben, secretary of the provincial party committee, welcomed the opinions and suggestions made by the comrades of the various press units.

He said: The 13th CPC Congress has brought about a good start to promoting democratic politics. The provincial party committee should further emancipate its mind to promote the opening of the press work to the outside world.

In the beginning we had misunderstandings about the report related to Daxinganling. We have learned a good lesson after taking a beating. From now on, the provincial party committee will do a better job in this regard. The press units should further bring into play their functions for supervising the mass media work. In principle, there would be no problems if the press units make criticisms publicly. However, we should proceed from policies and pay attention to social effects while criticizing reports. We should accurately understand facts in order to eliminate contradictions.

Sun Weiben said: We should rely on the mass media to clear the ways for reform and the opening to the outside world. Therefore, the provincial party committee will assist the press units to do a good job in supervising the mass media work.

With regard to investigating major typical cases, Sun Weiben said: In the past, our province really lagged behind when it came to grasping typical cases. From now on, the provincial party committee should create a comparatively good environment for exposing typical cases. Thus, the province decided to define several

experimental areas with favorable conditions for economic development so as to present facts and reason things out and to further promote the development of the reform and the opening to the outside world.

Attending the meeting were comrades from the Heilongjiang branch of the XINHUA Publishing House, the Central People's Broadcasting Station, the RENMIN RIBAO agency, the JINGJI RIBAO agency, the CHINA YOUTH NEWS agency, the Heilongjiang journalist station of the GUANGMING RIBAO agency, the HEILONGJIANG RIBAO agency, the Heilongjiang People's Broadcasting Station, the Heilongjiang Television Station, the FENGDOU ZAZHI [STRUGGLE MAGAZINE] house, the Heilongjiang Rural Paper agency, the Heilongjiang news agency, and the ZHIBU SHENGHUO ZAZHI [PARTY BRANCH LIFE MAGAZINE] house.

### Northwest Region

**Shaanxi Forum Urges Studying Documents**  
*HK231423 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 16 Dec 87*

[Excerpts] On the afternoon of 12 December, Zhang Boxing, secretary of the provincial party committee, held a forum with leaders of 18 organs and departments including the Propaganda Department and the United Front Work Department under the provincial party committee, the provincial Forestry Department, the provincial Office of Science, Technology and Industry for National Defense, the provincial Trade Union Federation, party committees of organs directly under the provincial party committee, and party committees of organs directly under the provincial people's government to discuss how to lead the study of the 13th Party Congress documents to a new level. [passage omitted]

After listening attentively to participants in the discussion, Comrade Zhang Boxing gave his views on further study of the 13th Party Congress documents in the province, stressing that leaders at various levels should attach great importance to the study. Following the 13th Party Congress, he said, a new situation of stepping up and deepening reform has emerged in the whole country. [words indistinct] if we cannot make a major breakthrough in our minds, it will be difficult for us to make a success of Shaanxi's work. He noted: In encouraging the study of the 13th Party Congress documents, leaders at all levels should do well in three aspects. First, they should earnestly practice what they advocate and set an example. Second, they should successfully guide the study in their departments. Third, they should encourage members of their leading bodies to plunge into the study. As to how to study the 13th Party Congress documents well, Comrade Zhang Boxing pointed out: We must read

the documents carefully and thoroughly and make special efforts to master the essence of the documents. We must read the documents word by word and sentence by sentence and assiduously study each problem and each viewpoint.

Comrade Zhang Boxing stressed: In studying the 13th Party Congress documents, we must lead an ox by the halter, come up with problems of basic importance, and faithfully apply theory with reality. [passage indistinct] We must change our old backward concepts and foster

the new concepts of developing the commodity economy, introducing reforms, and opening to the outside world so as to push the work and economic construction of our province ahead. [passage omitted]

In conclusion, Comrade Zhang Boxing emphasized: In implementing the guidelines of the 13th Party Congress documents, we must also consolidate the ranks of our political and ideological workers. Through reform, those ranks are required to be more politically aware, become smaller in number but more highly trained, and have higher prestige so that they will be able to play a more important role in our cause of reform, opening up, and economic construction.

**Dutch Deny Taiwan Request for Submarines**  
*OW180125 Beijing XINHUA in English*  
1925 GMT 17 Dec 87

[Text] The Hague, December 17 (XINHUA)—A majority in the Dutch Parliament "agrees that Wilton-Feyenoord Shipyard should stop asking the Dutch Cabinet for granting export permits for building subs for Taiwan."

Directors of Dutch private-owned Wilton-Feyenoord Shipyard said Tuesday that they would ask the Dutch Cabinet to grant export permits for building 2 to 4 extra submarines for Taiwan otherwise it would lay off 600 employees because of lack of work. Wilton-Feyenoord Shipyard has already built two subs for Taiwan in disregard of diplomatic relations between China and the Netherlands.

Van Jersel, deputy chairman of the Dutch Permanent Lower House Committee on economic affairs, said "in view of its history in this field it would be better if Wilton-Feyenoord abandoned its attempts at obtaining export permits for building more subs for Taiwan."

"Such permits were rejected before and we should not review this issue," Van Jersel said.

Sharing the views of Van Jersel, a parliament member from the Liberal Party said "exports permits for more submarines for Taiwan were out of question."

A Foreign Ministry spokesman reiterated Thursday that the Dutch Government "definitely would not give any permission to the Dutch shipyard Wilton-Feyenoord" to build submarines for Taiwan.

He said, "We have made our position very clear that we pursue a 'one-China' policy and we recognize Taiwan is part of China."

Wilton-Feyenoord Shipyard's request "will never change our policy towards China" and "nothing will be affected in our relations with China," he said.

Officials at the Dutch Economic Ministry said that a request of that kind would "be of no avail." "There are very few countries which are found willing to 'burn their fingers' while accepting such an order, in view of diplomatic relations with the People's Republic of China which considers Taiwan to be a Chinese province."



**KMT Official Regrets Did for December Rally**  
*OW230421 Taipei CNA in English 0237 GMT Dec 87*

[Text] Taipei, Dec. 23 (CNA)—A ranking official of the ruling Kuomintang [KMT] expressed his deep regret Tuesday over the "Democratic Progressive Party's" [DPP] decision to disregard the Dec 19 agreement the two sides reached over a Dec 25 "DPP" demonstration.

The "DPP," deliberately ignoring the importance of social peace and harmony, will be responsible for all results of its anticipated Dec 25 demonstration, Liang Su-jung, deputy secretary general of the KMT Policy Coordination Committee, warned.

Liang's warning came after the "DPP" announced Tuesday that it would expand its scheduled demonstration.

The "DPP" move to distribute leaflets urging the public to join in the Dec 25 Taipei demonstration has not only confused people here but also filled them with anger, he said.

Liang said that the ruling party has shown its determination and sincerity in implementing constitutional democracy and in maintaining social order by displaying utmost tolerance and flexibility in handling major current political problems. He hopes the "DPP," still an unrecognized party, will cancel its premature demonstration move and show a new sense of political responsibility.

**Former PRC Pilot Made Air Force Major**  
*OW240033 Taipei CNA in English 0248 GMT 23 Dec 87*

[Text] Taipei, Dec. 23 (CNA)—Former Communist Chinese pilot Liu Chih-yuan, who flew a MiG-19 jet fighter to seek freedom in the Republic of China on Nov 19, was commissioned Tuesday a major in the Chinese Air Force by Gen Hau Pei-tsun, chief of the general staff.

At the ceremony, Liu first made a statement renouncing his membership in the Chinese Communist Party and vowing to dedicate himself to the anti-communist rank and file to accomplish the sacred mission of reunifying China under the Three Principles of the People.

Liu stressed that his flight to freedom was in protest against the Chinese communists and that the renouncing of his membership in the Chinese Communist Party was to express the loathing of the mainland people for the Priping regime.

Gen Hau said that Liu's flight to freedom was a big sarcastic response to the 13th Chinese Communist Party Congress which had boasted of the party's eventual victory and also demonstrated the longing of the mainland people for freedom and democracy.

Gen Hau also called on members of the Chinese Communist Armed Forces to follow in Liu's footsteps to rise up against the tyrannical rule of the Peiping regime in order to enjoy the freedom and prosperity of people living in Taiwan.

Attending the ceremony were commanders-in-chief of the Chinese Armed Forces [CAF], other freedom seekers who have successively flown to freedom in the Republic of China here during the past 15 years, and more than 800 CAF officers and servicemen.



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